

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-5:** The student will demonstrate an understanding of the various economic institutions of a market economy.

**ECON-5.2** Analyze the roles of and relationships among economic institutions in a market economy, including the banking system and its interaction with business firms and consumers, the economic circular flow model, the function of financial and securities markets, and the impact of labor unions on the American economy.

**Taxonomy Level B 4 Analyzing /Conceptual Knowledge**

#### **Previous/future knowledge:**

In Kindergarten (K-6.3) students matched descriptions of work to the names of jobs in the school and local community. In first grade (1-6.1, 1-6.4) they explained the concept of scarcity and the way it forces individuals and families to make choices about which goods and services to obtain and recognized the roles of producers and consumers and the ways in which they are interdependent. In second grade (2-3.2, 2-5.1) students summarized the roles of various workers in the community, including those who hold government jobs, and identified the roles of leaders and officials in local government. In third grade (3-5.5) students explained the effects of the Great Depression and the New Deal on daily life in South Carolina, including the widespread poverty and unemployment and the role of the Civilian Conservation Corps. In fifth grade (5-3.5) students explained how building cities and industries led to progressive reforms, including labor reforms, business reforms, and Prohibition. Also in fifth grade (5-4.2, 5-4.3) students summarized the stock market crash of 1929 and the Great Depression, including economic weakness, unemployment, failed banks and businesses, and explained the immediate and lasting effect on American workers caused by innovations of the New Deal, including the Social Security Act, the Federal Deposit Insurance Corporation, and the Civilian Conservation Corps.

In sixth grade (6-1.4, 6-1.5) students compared the cultural, social, and political features and contributions of civilizations in the Tigris and Euphrates, Nile, Indus, and Huang He river valleys, including the evolution of language and writing systems, architecture, religious traditions and forms of social order, the division or specialization of labor, and explained the role of economics in the development of early civilizations, including the significance and geography of trade networks and the agriculture techniques that allowed for an economic surplus and the emergence of city centers. In seventh grade (7-1.6, 7-3.4) students explained the emergence of capitalism, including the significance of mercantilism, a developing market economy, an expanding international trade, the causes and course of the Industrial Revolution in Europe, Japan, and the United States, including the reasons that England was the first nation to industrialize, and the changes in the organization of work and labor. Also in seventh grade (7-5.3, 7-7.6) students explained the worldwide depression that took place in the 1930s, including the economic crash of 1929 and political responses to the depression such as the New Deal, the impact of increasing global economic interdependence in the late twentieth century and the early

twenty-first century, including the significance of global communication, labor demands, and migration. In eighth grade (8-6.2, 8-7.1) students explained the impact of World War I on South Carolina, including the building of new military bases and the economic impact of emigration to industrial jobs in the North and summarized the significant aspects of the economic growth experienced by South Carolina during and following World War II, including the contributions of Governor Strom Thurmond in promoting economic growth; and the scarcity of labor unions.

In high school (USHC-5.2, USHC-5.4) students summarized the factors that influenced the economic growth of the United States and its emergence as an industrial power, including the abundance of natural resources; labor policies; and analyzed the rise of the labor movement, including the composition of the workforce of the country in terms of gender, race/ethnicity, and skills; working conditions for men, women, and children; and union protests and strikes and the government's reactions to these forms of unrest. Also in high school (USHC-7.4) students explained the causes and effects of the stock market crash of 1929 and the Great Depression, including the disparity in incomes, limited government regulation, stock market speculation, and the collapse of the farm economy; wealth distribution, investment, and taxes; government policies and the Federal Reserve System.

### **Future Knowledge**

While no future knowledge is required students must have a basic foundation of knowledge on the basics of a market economy. Students will live and work in this economy throughout their lives and thus, must understand the key characteristics and institutions that distinguish a market economy. Thus, it is especially important for students to have a basic understanding of the United States financial system and the role of the Federal Reserve in its ability to influence economic policy. As well, a basic understanding of labor markets and the role of labor unions and labor movements, generally, provides students with important background knowledge in labor markets and the forces that drive wages and benefits.

### **It is essential for students to know**

Students should be able to describe economic activity using a circular flow diagram, outlining the basic roles of government, business, consumers, and international variables within this system. Students should understand the flows to and from these different parties.

It is also essential that students understand the role of labor movements in generating labor reforms and improved wages and benefits for their employees. Students must also understand the trend towards declining labor unions as the forces of globalization push companies to seek lower wage business environments in countries around the world. Students should understand examples of unionization and declining union participation.

Students should also understand how stability in securities markets and financial markets establishes a platform for economic stability. Students should be able to identify key U.S. securities and financial markets and understand the importance of these markets to economic growth and development.

**It is not essential for students to know**

Students do not need to know how the Federal Reserve changes the interest rate. They also do not need to understand additional monetary policy tools that might impact consumers. As well, students do not need to understand the specific working mechanisms of securities and financial markets in the United States. They also do not need to understand government policy or legislation related to securities and financial markets. Finally, students do not need to know the history of the labor movement in the United States even though background on the kinds of workers represented by labor unions would be useful.

**Assessment guidelines:**

Appropriate assessment requires students to *analyze* the roles of and relationships among economic institutions in a market economy; therefore the primary focus of assessment should require students to *explain* the links between the banking system in the United States and the global economy, money markets, factor markets and product markets. The primary focus of assessment should require students to *identify* how a change in one market affects prices in others, with the primary emphasis being on the linkages among and between markets.